



# एयर फोर्स नेवल हाऊसिंग बोर्ड AIR FORCE NAVAL HOUSING BOARD

एयर फोर्स स्टेशन रेस कोर्स, नई दिल्ली-110003  
Air Force Station Race Course, New Delhi-110003

Tele No. : 23793462 / 3463 / 23792800 Fax : 23014942 Email : directorgeneral@afnhb.org, Website : www.afnhb.org

AFNHB/ADM/1047-III

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To All Allottees of Meerut Project

## COSTING AND INSTALMENT SCHEDULE

### AFNHB MEERUT PROJECT

1. AFNHB Meerut project was launched in 2008 with planned 5 towers comprising 365 Dwelling Units. The work started in 2010. The project was undersubscribed at the time of launch. Subsequently, adequate number of allottees applied for the scheme resulting in waiting list for each category. Thereafter, in 2010 AFNHB launched 3 more towers comprising 180 DUs in same project with equalisation factor incorporated. Contract of existing contractor was extended.

2. The initial cost intimated to the allottees at the time of initial launch in 2008 was based on the data of past AFNHB projects. It is pertinent to note that this cost was intimated prior to the conclusion of Contract Agreement. The cost and the areas of DUs worked out at this stage were very tentative. Subsequently, the project underwent many ups and downs in last nine years. AFNHB, after due selection process had selected one of the most reputed builders of that time i.e. Omaxe Infra Construction Ltd (OICL) which is a subsidiary of another major company Omaxe Ltd. Unfortunately the project got delayed considerably adding to the woes of allottees. AFNHB is alive to the difficulties being faced by the allottees but there are many reasons beyond the control of AFNHB which contributed to the abnormal delay and increase in cost since its launch. Some of the reasons are enumerated below:-

(a) **Downfall of the Contractor:** - There has been stagnation in the real estate market since 2011-12, which has resulted in stalling of all infrastructure projects all over India. Honorable Supreme Court's order on blanket ban on mining in 2011 resulted in non availability of sand and aggregate, followed by steep rise in prices of these basic building materials. All AFNHB projects were also affected as all contractors suffered losses on this account. Besides being affected by the general recession in real estate market, OICL, the AFNHB contractor at Meerut also suffered major setbacks resulting in many of their real estate projects getting stalled. This resulted in a severe financial crisis for the

companies. To the extent that they were forced to sell their company to a relatively less known firm. While the new owner did make sincere efforts to pursue this project but they were also not immune to the environment and further suffered set back when DG-MAP cancelled five of their ongoing projects and confiscated all their Bank Guarantees and Securities. This resulted in total stoppage of work in our Meerut project for two years from 2013 to 2015. In the interest of allottees various options were explored. Termination of contract was also one of the options and a final notice was served to the contractor. However, during the period of extreme crisis in real estate market it was hard to find a reputed and reliable builder for this already delayed project. Therefore, after weighing all options, in order to expedite the work, DG-AFNHB took a very bold decision of entering into Supplementary Agreement with the contractors for providing financial support to the companies against bank guarantees. This experiment was done for AFNHB projects at Jalandhar, Dehradun, Meerut and Bhubaneswar. This paved the way for successful completion of delayed projects in Jalandhar and Dehradun. As regards Meerut, the work recommenced in 2015 but due to extremely poor financial state of the company, the Supplementary Agreement could not be enforced in its entirety. The option of termination of contract continues to be available with AFNHB albeit with inherent hurdles which include the long gestation period required for a fresh tender, limited time left for validity of existing sanctions by MUDA and uncertainty about the ability of the new contractor to complete the task, besides cost escalations.

(b) **Increase in Cost:** - The project was initially planned to be completed by Feb 2013. However, during the delayed period of 4 years the basic structure work involving use of steel and cement was executed and at that time there was considerable increase in cost of steel and cement prices. This resulted in exponential increase in cost. Increase in service tax from 4.5% to 6 %, increase in WCT from 11% to 14.5%, increase in mandatory Govt. fees for Environmental Clearance, Clearance from Pollution Control Board, extension of validity of plans by MDA has also added to the cost considerably. Increase in hiring cost of labour also made a dent in the already depleted financial condition of the contractor. A comparative variation of cost announced at the time of launch of project in 2008 and as it stands now in July 2017 is tabulated in annexure to this letter.

3. Not being deterred with the situation, AFNHB has taken upon itself the task of completing the project due to the ineffectiveness of the contractor. During last one year, there has been considerable increase in pace of work. As on date the number of labour working at the project site are approx 500. All efforts are being made to complete the project at the earliest. Progress of work is being updated regularly on AFNHB website. Allottees are requested to visit [www.afnhb.org](http://www.afnhb.org).


4. It is to the credit of AFNHB that despite the delay, AFNHB has been successful in containing the overall cost of DU well below the cost of similar housing projects in the near vicinity. Per Sq. ft cost of DU is shown in the last column of the Annexure which is very competitive and well below the cost of projects in that area. It is also important for allottees to note that the present location of the project has acquired considerable importance. Being located on Meerut Road in Shatabadi Nagar approximately 1.5km

from the main Delhi Haridwar Highway, it has distinct advantage of location and accessibility. There are many upcoming projects in the near vicinity and Delhi-Ghaziabad-Meerut Metro line has already been announced and is proposed to be launched very shortly. Further, work on a 16 lane Delhi – Meerut Express highway is progressing rapidly and is expected to be completed by 2020. This makes the project one of the most sought after financially attractive and end living prospect.

5. The cost of the project intimated to the allottees vide AFNHB letter no. AFNHB/1047 dated 18 Dec 2013 included cost of parking, statutory fee and LTMF giving details of 9<sup>th</sup> and 10<sup>th</sup> installments. However, the increased area due to allottees suggestions was not intimated and 10<sup>th</sup> installment amounting to Rs 3.80 lakh was not called for. After having considered all the factors and expected completion cost of the project the net cost of DUs to the allottees is shown in the column no. 12 of Annexure. This is proposed to be recovered in 3 installments by the expected completion date of project of Apr 2018. Efforts will be made to schedule draw of lot in Feb 2018. Physical possession of DUs is expected to commence w.e.f. July 2018 after obtaining Completion Certificate from MDA and common assets being taken over by the Society.

6. Allottees are requested to make payment of 10<sup>th</sup> installment of Rs. 3.80 lakh by 31 Jul 2017 using Eazy Pay facility or via cheque/Demand Draft payable to AFNHB at New Delhi. Further, remainder amount will be called for in two installments, most likely in the month of Dec 2017 and at the time of draw of lots.

7. The patience of the allottees for standing by with AFNHB is appreciated. It is assured that the project will be completed with value added advantage to the allottees.

  
(KPS Virk)  
Air Commodore  
Dy Director General  
For Director General

**AFNHB MEERUT – COMPARATIVE STATEMENT OF INCREASE IN COST**

CAT	BEFORE CONTRACT (2008)		AFTER CONTRACT FOR CIVIL WORK ALONE (2010)		AFTER ALLOTTEE SUGGESTIONS (DEC 2013)		PRESENT STATUS (JUL 2017)		Per Sq Ft Cost (Excluding Parking)	Covered Car Parking & LTMF	Tentative Cost
	AREA	COST	AREA	COST	AREA	COST	AREA	COST	PSF		
1	2	3	4	5	6	7	8	9	10	11	12
A-1MRA	1500	25.25	1630	25.98	1709	32.44	1709	35.01	2049	1.64 + 0.30	36.95
A-1MRE	-	-	1630	27.98	1709	34.44	1709	37.01	2166		38.95
A-2MRC	1300	21.75	1450	23.11	1557	29.54	1557	31.90	2049		33.84
A-2MRF	-	-	1450	23.11	1557	31.24	1557	33.65	2161		35.59
B-1	900	15.30	1010	16.10	1068	21.93	1068	21.89	2049		23.83
B-2	700	11.90	810	12.90	955	18.65	955	19.57	2049		21.51

**Note:**

- Cost variation between MRA & MRE and MRC & MRF is due to equalisation factor added to allottees of 3 towers launched later.
- Higher psf for MRE & MRF allottees is due to equalization charges.
- Actual amount due from individual allottees will vary depending upon the amount paid.